

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 1
Child that Earns \$20,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	\$20,000	\$20,000
Personal exemptions	9,600 (3x\$3200)	9,600 (3x\$3200)
Standard deduction	\$8,700	\$10,000
Taxable income	\$1,700	\$400
	[\$20K -\$9,600-\$8,700]	[\$20K-\$9,600-\$10K]
Regular tax	\$170	\$40
	[10%x\$1,700]	[10%x\$400]
Child credit	\$700	\$1,000
Potentially refundable child credit	1350	1350
	[15%x(20,000-11,000)]	[15%x(20,000-11,000)]
Tax after credits	(\$530)	(\$960)
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$430	